

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAJ-01 AID-05 CIAE-00 COME-00 EB-04

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-06

SP-02 CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15

STR-01 CEA-01 L-01 H-01 DODE-00 PA-01 USIA-06 PRS-01

DRC-01 /077 W

----- 039535

R 181825Z OCT 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4913

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: PINT, ELAB, UK

SUBJECT: FROM STORMY PETREL TO LABOR STATESMAN: JACK
JONES CALLS FOR WAGE MODERATION

1. BEGIN SUMMARY. THE CONTINUING EVOLUTION OF JACK

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JONES FROM STORMY PETREL OF THE BRITISH TRADE UNION MOVE-

MENT TO THAT OF LABOR STATESMAN WAS NO MORE EVIDENT THAN IN HIS STATEMENT YESTERDAY (OCTOBER 17) TO THE SCOTTISH WING OF HIS TRANSPORT AND GENERAL WORKERS UNION, WHEN HE CALLED UPON BRITISH UNIONS TO MODERATE THEIR WAGE CLAIMS WHERE IT WOULD LEAD TO COMPANY CLOSURES AND BANKRUPTCIES. END SUMMARY.

2. JONES, WHO IS CALLED BY SOME OF HIS ASSOCIATES THE "FATHER OF THE SOCIAL CONTRACT," DECLARED: "IT IS SIMPLY NO USE PRESSING ACTIONS THAT LEAD TO THE CLOSURE OF FIRMS WE WORK FOR..." HE ADDED HOWEVER THAT IT WOULD BE ESSENTIAL THAT COMPANIES SHOULD "OPEN THEIR BOOKS" IN ORDER TO DEMONSTRATE THAT THEY WERE FINANCIALLY UNABLE TO MEET UNION DEMANDS.

3. THE TUC LEADER EMPHASIZED THAT THERE WAS A GRAVE ECONOMIC CRISIS FACING BRITAIN AND IT WAS ESSENTIAL THAT THE GOVERNMENT AND THE UNIONS COOPERATE IN PREVENTING A "DISPROPORTIONATE SHARE OF THE ECONOMIC BURDEN" FALLING ON THE SHOULDERS OF THE WORKERS AND THEIR FAMILIES. THE MAIN DANGER, HE SAID, WAS THE GROWTH OF UNEMPLOYMENT. HE DECLARED THAT THE GOVERNMENT'S OVERALL STRATEGY IN DEALING WITH INFLATION, AND ITS PARTICULAR POLICIES WITH REGARD TO RENTS, TAXES AND PRICES -- AS DELINEATED BY THE SOCIAL CONTRACT -- WERE EVERY BIT AS IMPORTANT AS WAGES. JONES ADDED: "THE MAIN OBJECTIVES IN THE FIGHT AGAINST INFLATION SHOULD BE TO INCREASE THE VALUE OF THE PAY PACKET NOT NECESSARILY THE AMOUNT OF PAPER IN IT."

4. HE CALLED ON SHOP STEWARDS AND TRADE UNION OFFICIALS TO MAKE USE OF THE PROCEDURES OF THE NEW CONCILIATION AND ARBITRATION SERVICE WHEN AN AGREEMENT WITH THE EMPLOYERS CANNOT BE REACHED. HE EXPECTS, HE SAID, THAT NOW THAT THE ELECTION IS OVER, EMPLOYERS TOO WOULD "CHANGE THEIR TUNE" AND WORK TOWARDS ACHIEVING STABILITY IN INDUSTRIAL RELATIONS." THE TUC LEADER FURTHER NOTED THAT THE TUC'S AIMS ARE ALSO TO IMPROVE EFFICIENCY AND DEAL WITH LABOR SHORTAGE PROBLEMS, WHICH MIGHT REQUIRE IN SOME CASES HIGHER WAGE PAYMENTS.

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5. WE TALKED LATER ABOUT JONES' SPEECH WITH MRS. MARY PATTERSON, PRESIDENT OF THE TUC AND A MEMBER OF THE EXECUTIVE OF THE TRANSPORT WORKERS UNION. SHE CHARACTER-

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IZED JONES' APPROACH NOT AS WAGE RESTRAINT, BUT "COMMON-
SENSE." SHE SAID THAT, IN PRACTICAL TERMS, IT WOULD MEAN
A RANGE OF FROM 15 TO 20 PER CENT WAGE INCREASES. SHE
ADMITTED, HOWEVER, THAT THE REAL TEST WILL COME AT THE
PLANT LEVEL WHERE THE HEART OF WAGE NEGOTIATIONS EXISTED,
BUT SHE WAS CONFIDENT THAT THE SOCIAL CONTRACT WILL PROVE
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EFFECTIVE.

6. COMMENT: IT IS FAR TOO SOON TO KNOW WHAT EFFECT

JONES' WORDS WILL HAVE ON ACTUAL NEGOTIATIONS. EVEN AS HE WAS SPEAKING IN SCOTLAND, THERE WAS CONSIDERABLE LABOR UNREST IN THAT AREA, WITH APPROXIMATELY 20,000 WORKERS ON STRIKE OVER PAY AND OTHER ISSUES. MOREOVER, THE MILITANTS IN THE TRADE UNION MOVEMENT HAVE NEVER ACCEPTED THE SOCIAL CONTRACT (THE COMMUNIST "MORNING STAR" TODAY SAID THAT JACK JONES HAS "GIVEN CREDENCE" TO THE CBI'S VIEW "THAT HIGHER WAGES CAN CAUSE UNEMPLOYMENT.") ON THE OTHER HAND, JACK JONES' DECLARATIONS WILL UNDOUBTEDLY BE OF SOME COMFORT TO THE GOVERNMENT AND PROVIDE A LEAD FOR OTHER TUC MODERATES TO FOLLOW SUIT. IT IS CLEAR THAT IF JONES HAD FORCEFULLY OPPOSED THE GOVERNMENT'S POLICY, IT WOULD HAVE HAD NO REAL CHANCE AT ALL.

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